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OxyContin maker Purdue is struggling with slumping sales, a shrinking workforce and restructuring challenges as it battles lawsuits related to the opioid crisis. **A1**

◆ **Stocks are** flirting with records again, but many investors are struggling to discern how much longer the bull market can continue. **B1**

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◆ **A legal dispute** that arose during a foreign bribery probe into Walmart may have a lasting effect on how firms handle future investigations. **B2**

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◆ **Winning** implementation of the trade pact between the EU and four South American nations grouped in a customs union could take years. **A6**

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◆ **The Palestinian Authority** arrested a local businessman who attended a Bahrain conference last week and tried to detain another. **A7**

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Trump Steps Into North Korea



President Trump and North Korean leader Kim Jong Un stood together on the North Korean side of the border in the demilitarized zone.

Nations' leaders agree to resume nuclear talks following meeting at the demilitarized zone

SEOUL—President Trump became the first sitting U.S. president to step across the boundary dividing North and South Korea, leading to a hastily organized meeting with North Korean leader Kim Jong Un and a commitment to restart nuclear talks.

By Timothy W. Martin, Alex Leary and Andrew Jeong

Mr. Trump said Sunday the two nations had agreed to designate nuclear negotiating teams that will begin work over the next several weeks. "We're not looking for speed. We're looking to get it right," he said. "We're on a very good path. This was a terrific day."

While the sequence of events was remarkable, experts on North Korea expressed caution about the unexpected burst of diplomacy. The two sides remain deeply divided over how, and when, Pyongyang should

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U.S., China Face Obstacles in Renewed Talks

By BOB DAVIS AND LINGLING WEI

OSAKA, Japan—President Trump and President Xi Jinping of China managed to get trade talks back on track this past weekend, but an even tougher job lies ahead—appealing hard-line factions within their own governments demanding they give no quarter.

Mr. Xi faces party leaders and executives of state-owned enterprises who believe Washington is out to demolish the government-led economic model that is responsible for China's emergence as a global power and U.S. rival.

Mr. Trump, for his part, faces skepticism from some Republican and Democratic lawmakers who worry he will give up too much in any deal, as well as wariness among some of his own appointees. Heading into an election year, Mr. Trump must also contend with restiveness among his supporters in the business community and farm-belt states who have been hit by the tariffs imposed by both countries.

"I see a kind of symmetry in that both Xi and Trump have bases whose support they need," said Hudson Institute China scholar Michael Pillsbury, who advises Mr. Trump's admin-

istration. "In China, the hawks have been quite specific that they don't want a free market and they want a more assertive China. On the American side, the base wants not to be ripped off or taken advantage of by China."

Simply relaunching the talks, which had been on hold since hitting an impasse two months ago, took a lot of negotiating. In return for getting China back to the bargaining table, Mr. Trump agreed to hold off on new tariffs on \$300 billion in Chinese imports, and China agreed to buy more U.S. farm goods.

But a U.S. concession on Chinese telecommunications giant Huawei Technologies Co.

emerged as a key bargaining chip, one that illustrates the difficult decisions ahead.

Mr. Trump said his move to let Huawei buy high-tech equipment from the U.S.—worked out on the sidelines of a meeting of the Group of 20 leading economies here—would only apply to parts that don't affect U.S. national security. A Commerce Department bureau is working to tailor export licensing "with particular scrutiny of the threat that Huawei poses to our broadband networks, which are crucial to national security," an administration official said.

But Mr. Trump faced immediate pushback from China

hawks in Congress. Sen. Marco Rubio (R., Fla.) warned via Twitter that any concession on Huawei "will destroy the credibility" of the administration.

Even within the administration, there are deep concerns in the national-security establishment about taking the heat off Huawei, which U.S. officials said was built on a foundation of stolen Western technology

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OxyContin Maker's Sales Drop Amid Suits

By JARED S. HOPKINS

OxyContin maker Purdue Pharma LP is struggling with slumping sales, a shrinking workforce and restructuring challenges as it battles lawsuits related to the opioid crisis, according to people familiar with the company.

Purdue's revenue is expected to drop below \$1 billion this year for the first time in more than a decade, as employees leave and a potential bankruptcy filing looms, people familiar with the matter said. Controlled by members of the billionaire Sackler family, Purdue has also been reviewing the corporate structure of at least two dozen entities affiliated with the company that are under government scrutiny for possible fraud, according to some of the people familiar with the company.

Purdue has said that it might file for bankruptcy but hasn't made a decision.

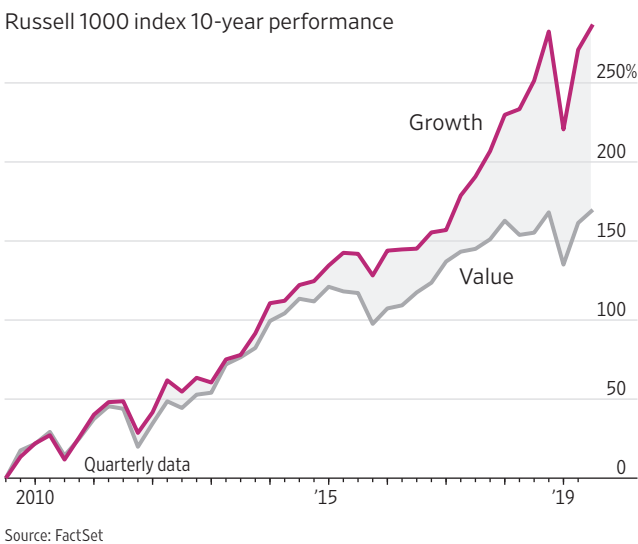
Purdue's fortunes rose through its marketing of prescription opioid OxyContin, although it sells a few other prescription and over-the-counter products. OxyContin, now offered in a form designed to make it harder to abuse, has had more than \$35 billion in sales since it was launched in 1996. But the drug's dominance in the prescription market has declined, partly as a result of changing prescribing habits of doctors, increased awareness about addiction and more competition.

In 2018, OxyContin gross sales totaled more than \$1.4 billion, according to health-

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Growth Stocks Get a Boost

Growth stocks have extended their outperformance over value stocks, even as investors have grappled with fears about the economic outlook. **B1. Plus, Markets Review & Outlook, B5-8.**



Germany, It's 100 Degrees. Crank Up the Klimaanlage

A country that sees air conditioning as weak and wasteful, reconsiders

By SARA GERMANO

BERLIN—Natalie Mayer knows why Germans disdain the air conditioner, or the Klimaanlage—literally, climate apparatus.

"People here don't like air conditioning. They think it's a waste of energy, it's bad for the environment, and people say it makes them sick," said Ms. Mayer, a Californian who has lived abroad for more than a decade, including the last four years in Berlin.

She also knows it's easy to be anti-A/C until getting punched in the face by 100-degree weather. Summer is barely a week old, and heat re-

cords in Germany are already getting busted right and left.

Ms. Mayer bought a portable air-conditioning unit for her office desk, setting off something of a tempest in a teapot among her colleagues.

"Everybody was curious. They would say, 'Does it work well?' And I said, 'Hey, why don't you sit in my seat and try it out,'" said Ms. Mayer, a business developer at retail startup Fit Analytics. Two co-workers bought their own.

Germans have always looked down on America's fondness for artificially chilled air as wasteful, unnatural and wimpy. Rather than install cli-

Please turn to page A12

Jony Ive's Long Drift From Apple

The design chief's departure comes after years of growing distance and frustration

By TRIPP MICKLE

As the deadline loomed for the 10th anniversary iPhone, Apple Inc.'s top software designers gathered in the penthouse of an exclusive San Francisco club called The Battery.

They had been summoned some 50 miles from the company's Cupertino, Calif., headquarters to demonstrate planned features of the product to Jony Ive, Apple's design chief, who seldom came to the office anymore from his San Francisco home.

For nearly three hours on that afternoon in January 2017, the group of about 20 designers stood around waiting for Mr. Ive to show, according to people familiar with the episode. After he arrived and listened to the

presentations, he left without ruling on their key questions, leaving attendees frustrated.

"Many of us were thinking: How did it come to this?" said a person at the meeting. There was a sense "Jony was gone but reluctant to hand over the reins."

The episode was emblematic of a widening disconnect at the top of Apple that, invisible outside the company, was eroding the product magic created by Mr. Ive and the late Steve Jobs that helped turn Apple into America's pre-eminent corporation.

Apple announced Thursday that Mr. Ive will leave later this year to form his own design firm, LoveFrom, after 23 years running what

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JUSTIN SETTERFIELD/GETTY IMAGES

SPORTS

A beautiful day for baseball, and the Yankees, as MLB takes series to London **A16**



ROSS MANTLE FOR THE WSJ

TECHNOLOGY

Walmart turns to virtual reality to see if candidates are right for the job **B1**

U.S. NEWS

A Rainbow of Color as New York’s Streets Overflow for Pride March



Throngs of spectators gathered Sunday for the NYC Pride March, the LGBTQ community’s annual push for equality that this year took on added significance by commemorating the 50th anniversary of the uprising at Greenwich Village’s Stonewall Inn. That revolt by the bar’s patrons during a police raid is considered a defining moment in the gay-rights movement.

“This year is truly historic,” said David Studinski, co-chair of Heritage of Pride, the organization behind the march.

As in years past, the tens of thousands of participants represented a wide gamut of the LGBTQ community as well as corporate sponsors, politicians and other groups.

At times the march resembled a political rally, with participants and attendees alike calling attention to the challenges still faced by LGBTQ people in the U.S. and beyond. At other points it had the festive feel of a block party writ large, with the colorful addition of rainbow flags and rainbow outfits galore.

Attendees said the Stonewall anniversary gave the march an extra boost of spirit and importance.

“There’s a lot more love,” said Latonica Figueroa, a 44-year-old resident of New York’s Bronx borough who attends the march annually. She sported a rainbow-colored dress for this year’s event.

—Charles Passy

In Desert Heat, Border Unit Tries to Save Lives

By ALICIA A. CALDWELL

TUCSON, Ariz.—Shortly after starting their midafternoon shift, Border Patrol agents Timothy McNeil and Jason Pope got their first 911 call: a 27-year-old Mexican man had been walking in the desert for 10 days and needed help.

The agents, both part of the elite Border Patrol Search, Trauma and Rescue unit, found Manuel Gutierrez Lopez in a tangle of mesquite trees about 30 miles west of Tucson and some 70 miles north of the border. Mr. Gutierrez, who had called 911 on his cellphone, told them he got separated from a group of eight or nine others a few days before and had been without water for at least two days. The temperature showed 104 degrees when the call came in last week just after 3:30 p.m.

Over more than an hour and a half, they gave Mr. Gutierrez water, Capri Sun fruit-drink pouches and a granola bar, and administered three saline IVs. When his vital signs were stable, they handed him off to a contractor who would take him to the Border Patrol station, book him, and transfer him to a holding cell until he could either be sent home or released into the U.S. with a future court date.

Of the many ways migrants end up in Border Patrol custody, this is among the most desperate. The unit of 200 agents called BORSTAR stationed along the border are all trained EMTs, and they rescue people who are stranded in

the mountains, caught in swift moving water, in medical need, or dial 911, a call people tend to make only in the most dire state, the agents say.

Mr. Gutierrez was a fairly typical rescue, the agents said, and one of more than 584 in the Tucson area since the start of the government’s fiscal year in October. In the same period a year ago, agents made 641 rescues. Messrs. Pope and McNeil work in a team of about 40 agents.

Mr. McNeil said he is worried that more people will die trying to make the crossing as summer temperatures rise, including some of the record number of children making the journey.

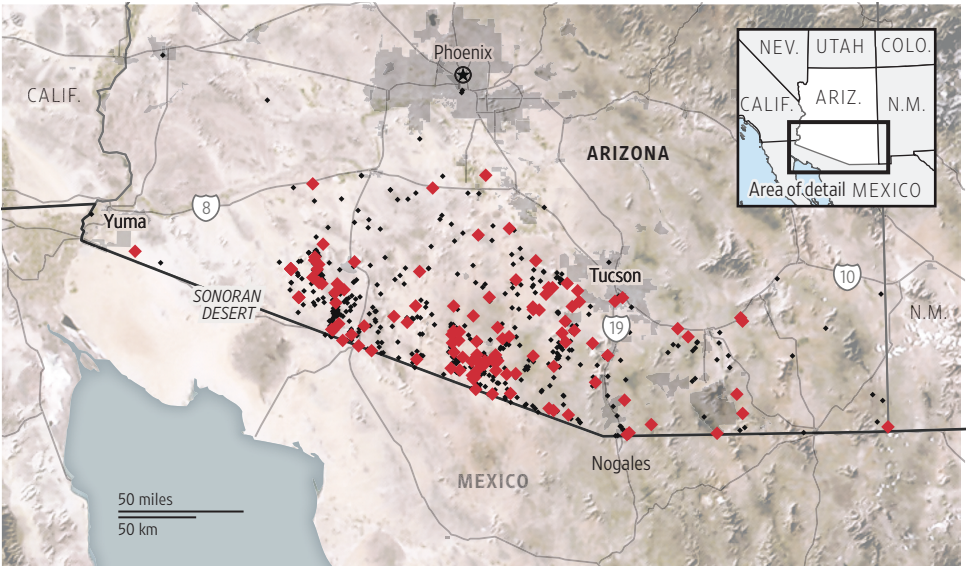
Twelve children have died crossing the U.S.-Mexico border so far this year, more than in any full year since at least 2014, according to the International Organization for Migration. Some, like nearly 2-year-old Valeria Ramirez, who appeared alongside her father in a photo that spread globally last week, drowned in the Rio Grande. Others have died in the desert heat.

The danger of crossing the border illegally is one of the reasons lawmakers cite in calling for policy changes. Immigrant advocates say it reflects the overflow of people at the border trying to ask for asylum at legal ports of entry, where there can be backlogs of weeks or months. More families are crossing the border, compared with previous years when migrants were mostly single men, adding to the

Dangerous Passage

In the past five years, 624 migrants have been found dead in Arizona, mostly in the desert where limited access to water and infrequent patrols make the crossing especially dangerous.

◆ Death by exhaustion ◆ Death by other causes ■ U.S. urban area



Sources: Humane Borders, Inc. (deaths); NASA (basemap)

Dylan Moriarty/THE WALL STREET JOURNAL

number of rescues for BORSTAR agents.

Between January and May, nearly 282,000 migrants traveling as families were apprehended at the border, more than in any prior full year, along with 41,300 unaccompanied minors.

“Nothing is normal. My biggest fear is that we run short of volunteers and we run out of water,” said Eddie Canales, director of the South Texas Human Rights Project, which provides aid to migrants who travel from Mexico into the U.S.

Most illegal immigrants are from Guatemala, Honduras, or

El Salvador. Upon arriving in the U.S., they typically surrender to the first border agent they find and request asylum, starting a process that often lets them stay in the U.S. for years while their claim is adjudicated amid long court delays. BORSTAR agents say the people they treat typically don’t protest when they are handed off to other border agents.

The summer is considered their “operations season,” when agents will be dispatched to help migrants on a nearly daily basis. In some cases agents respond directly to 911 calls; other times they are sent

into the desert after someone reports a missing migrant.

Six-year-old Gurupreet Kaur left with her mother from India and then traveled for months, ultimately crossing Mexico into the U.S., said Deepak Ahluwalia, the mother’s attorney. The two

planned to join Gurupreet’s father in New York City, where he has been living since 2013 after requesting asylum.

After their smuggler directed them to cross into the Arizona desert on a scorching hot June day when temperatures reached 108 degrees, the mother, identified as S. Kaur, set out to find water and left her daughter with a fellow traveler. Ms. Kaur ended up finding Border Patrol agents to whom she surrendered almost 22 hours after being dropped off by the smuggler, U.S. Border Patrol Agent Jesus Vasavilbaso said.

About four hours later, Border Patrol agents found Gurupreet’s body. She had died from hyperthermia in the intense desert heat, according to the Pima County Medical Examiner in Tucson.

Mr. Pope was among the BORSTAR agents dispatched to find another mother and children missing after Gurupreet’s mother was found. The missing migrants were found a day later and treated for dehydration. Mr. Pope said the desert in that area is remote and as rugged as any in the area.

“I’m a father myself and when it’s a kid, it’s just...” Mr. Pope said, his voice trailing off.



Jason Pope and Timothy McNeil, members of a border patrol search-and-rescue team, treat a migrant for dehydration after a call in the Arizona desert. Mr. McNeil says he worries that more people will die trying to cross the border as summer temperatures rise.

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U.S. NEWS

California Rule Spurs Rush to Buy Bullets

Background checks, set to begin Monday, are the first in nation required at purchase

By ZUSHA ELINSON

Sales of ammunition in California gun stores have surged in advance of a first-in-the-nation background-check requirement for most ammunition purchases that goes into effect Monday. America's most populous state already has some of the

strictest gun laws in the country. Now bullet buyers will have to show their IDs and undergo a check that for the first time blocks sales to felons and others who are also barred from possessing firearms. Four other states require ammunition buyers to carry a permit that requires a background check, but California is the first to implement one at the point of sale. Advocates say the requirement will allow the check to be more up-to-date than a license that may have been issued years before. Previously, anyone over 18

could buy bullets without a background check in California. Shooters Pro Shop in Roseville has sold ammunition at nearly triple the normal rate for the past month, said owner Jeff Jordan. "We've had a few people who have purchased in excess of 10,000 rounds," he said. "That's a lot for one person." Ammo sales have also tripled in the past week compared with a normal week at West Coast Ammo in Temecula, said owner Jason Grif-fith. Gov. Gavin Newsom cham-



Democratic Gov. Gavin Newsom has been a key supporter of the new restrictions.

pioned the new ammunition restrictions, which passed as part of a ballot initiative in 2016, when he was lieutenant governor. "Unless a gun is used as a blunt instrument, a gun is not particularly dangerous," Mr.

Newsom, a Democrat, said at a news conference June 24. "A gun requires a dangerous component and that's ammunition." Gun-rights advocates say the new restrictions will create unnecessary hurdles for people who legally own guns and a black market for those who don't. The National Rifle Association has sued to block the new requirement, arguing that it is unconstitutional. "Criminals will continue to ignore this law, as they do the other 800 gun laws on the books in California," said

Amy Hunter, an NRA spokeswoman. "This is typical of the California Legislature, which continues to go soft on criminals and hard on law-abiding gun owners." As part of its implementation of the new law, the California Department of Justice estimated that there will be more than 13 million purchases of ammunition each year. Beginning Monday, there will be only a small number of instances in which consumers in California can buy ammunition without a background check, including at gun ranges.

Court Has New Chance to Define Public Corruption

By CORINNE RAMEY

The U.S. Supreme Court's decision to hear a New Jersey case about traffic as political payback—a scandal known as Bridgegate—is a likely effort by the high court to limit prosecutors' ability to bring corruption cases against public officials without straightforward bribery or kickback schemes, legal experts say. The underlying questions of the line between distasteful and illegal political conduct is one the high court has taken up in recent years. "The Supreme Court may once again be troubled by what the justices view as federal statutes being used to criminalize what appears to them as everyday politics," said Carrie Cohen, a former federal prosecutor in Manhattan. For five days in 2013, traffic jams paralyzed the borough of Fort Lee, N.J., which sits at the foot of the George Washington Bridge, due to closed highway lanes leading onto the bridge.

Federal prosecutors called the gridlock a corrupt retribution scheme, alleging that three public officials—Bridget Kelly, then a top aide to former New Jersey Gov. Chris Christie; Bill Baroni, an executive at the Port Authority of New York and New Jersey; and David Wildstein, a Port Authority director—created the traffic to punish Fort Lee's Democratic mayor, who didn't back the reelection bid of Mr. Christie, a Republican. Mr. Baroni and Ms. Kelly said they believed they were conducting a traffic study. Mr. Wildstein, who cooperated with federal prosecutors, said the three officials were co-conspirators in a political plot. In 2016, a federal jury found Ms. Kelly and Mr. Baroni guilty of several crimes. Last year, a federal appeals court tossed some counts and upheld the others. Mr. Baroni is serving an 18-month prison sentence. Ms. Kelly is out on bail. Mr. Wildstein was sentenced to probation. Mr. Christie has said he



Closed highway lanes leading to the George Washington Bridge paralyzed Fort Lee, N.J., for several days in 2013.

had no knowledge of or role in the alleged scheme. In recent years, the Supreme Court has narrowed how federal prosecutors can charge corruption by political officials. In the case of former Enron Chief Executive Jeffrey Skilling, the court ruled in 2010 that to convict someone of honest-services fraud, a charge prosecutors have used as a corruption

catchall, there must be evidence of bribery or kickbacks. In 2016, the high court weighed in on the case of former Virginia Gov. Bob McDonnell, a Republican accused of accepting gifts and loans from a businessman. In question was whether Mr. McDonnell's conduct, which included setting up meetings and making phone calls, was criminal.

"There is no doubt that this case is distasteful; it may be worse than that," Chief Justice John Roberts wrote. "But our concern is not with tawdry tales of Ferraris, Rolexes and ball gowns. It is instead with the broader legal implications of the government's boundless interpretation of the federal bribery statute." In the Bridgegate case, the

key issue raised by Ms. Kelly's lawyers is to what extent lying about the real reason for government action matters. "The question is, if she misrepresented the reason for her government conduct, is that in itself enough to sustain a conviction for defrauding the government?" said Robert Mintz, a former New Jersey federal prosecutor.

dog•ged

/ˈdôgəd/

adjective

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Photographed by Shaina Fishman
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Purdue Pharma Struggles

Continued from Page One
care data provider IQVIA. Sales for the drug have declined annually since 2010, when they were more than \$3 billion. Early last year, Purdue said it would stop promoting the drug, amid public criticism that its aggressive sales tactics contributed to overuse of Oxy-Contin and led to addiction. Nearly 218,000 people died in the U.S. from overdoses related to prescription opioids between 1999 and 2017, according to federal data. Purdue and the Sacklers have broadly denied accusations that the company misled the public and medical communities about the addictive risks of prescription painkillers; the company and family have said they want to help solve the epidemic. The company has helped fund the distribution of opioid overdose antidote naloxone, for example. Purdue's reliance on Oxy-Contin for the bulk of revenue is the result of business decisions made by the company, whose board for decades included members of the Sackler family. Over the years, the board reviewed dozens of potential acquisitions that would have helped diversify revenue, but directors remained risk-averse and often couldn't agree on the types of assets to buy, people familiar with the matter said. Also, the Sacklers regularly took profits out of the company that could have been reinvested into Purdue. Today, senior leaders of the Stamford, Conn.-based company are less focused on growing the business, spending most of their time on the litigation, the people familiar with the matter said. They said employees suffer from low morale. Last year, Purdue got rid of its entire sales force. Its total employee count now sits at about 500. In 2015, there were nearly 1,700 employees, according to an internal training document from then viewed by The Wall Street Journal. Representatives for the Sackler family referred com-



Protesters at Purdue's Stamford, Conn., headquarters in 2018. The company has said it wants to help solve the opioid epidemic.

ment to Purdue. In a statement, a company spokeswoman said that as a private company, Purdue doesn't discuss its business operations. She said Purdue is "leaner and more focused" and pursuing nonopioid products. She also said employees are motivated to address the opioid crisis. Purdue has been weighing a bankruptcy filing as a way to resolve the more than 1,800 lawsuits brought by states and local municipalities accusing it and other companies of starting a public-health crisis. In March, Purdue and the family agreed to settle claims brought by Oklahoma for \$270 million. Eight family members who served on the board are named as defendants in several dozen of the lawsuits. The last Sackler left the board of directors earlier this year, but the family continues to own the company through trusts. Both branches of the family that control Purdue have said they are committed to reaching a global resolution of the suits. Purdue and the Sacklers have previously denied the allegations in the lawsuits. Purdue and the family's multibillion-dollar investment operations have been under scrutiny as lawsuits mount. New York was the first state to sue the company and family members for allegedly violating the law against fraudulent conveyance, which is meant to protect creditors from debtors that try to stash or shield assets improperly. The idea is that if an entity owes a lot of money, it shouldn't move its assets for the benefit

of select owners or creditors. As early as 2015 some of the Sacklers on the board said in meetings they feared that if they kept taking profits out of the company at the rate they had been, the government might view the process as fraudulent conveyance, according to the people familiar with the matter. For years, the company kept only \$300 million within the company because that was the minimum required under a partnership contract with another company, one of the people said. Purdue's spokeswoman said that in 2015, "there was no indication of the scope and scale of civil litigation that the company is currently facing, and therefore there were no issues with profit distributions to shareholders." More than \$4 billion was paid out between 2008 and 2016 to members of the Sackler family, according to a civil complaint brought against Purdue by the Massachusetts attorney general. Around the time the lawsuits began building, in 2017, the company hired a law firm to review structures of Purdue and the affiliated companies, according to some of the people familiar with the matter. The board's decision to stop profit distributions, by the end of 2017, followed days of debate among the Sacklers, according to some of the people familiar with the matter. The decision helped the company build its reserves and Purdue now has about \$1.5 billion in cash, one of those people said.

U.S. NEWS

THE OUTLOOK | By Sarah Chaney

Older Workers Give Economy a Kick



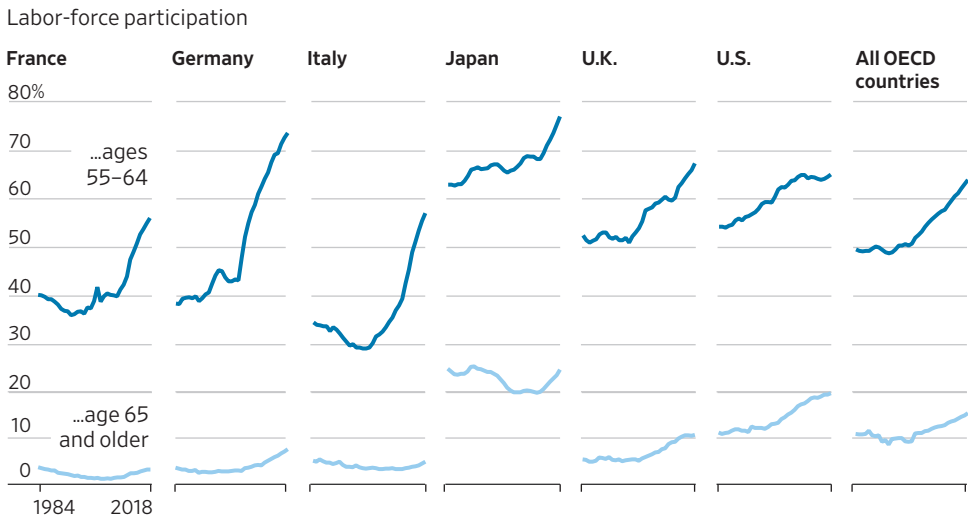
A slow-growing world is getting a boost from an unexpected source. As more of the population in advanced economies approaches or passes age 60, an increasing share have kept working rather than retire.

Labor-force participation—the share of people working or looking for work—for people aged 55 to 64 started climbing throughout advanced economies around the turn of the century, reversing decades of decline. Around 2010, participation by people 65 and over began an upward march, reaching a near half-century high of 15.3% across the developed world last year.

The rise in labor-force participation by people 55 and older in Italy, Japan, the U.S., the U.K., Germany and France since 2001 equates to a combined 18.8 million workers, or a 5.5% boost in their supply of labor, according to the Organization for Economic Cooperation and Development.

The gray wave has been driven by pension changes, improved health and increased education, and has several positive implications: It could extend the current business expansion by providing employers with more workers as unemployment reaches new lows. It offsets the drag on growth of aging populations; and it shores up public finances.

“You need more people, a



greater share of the population to join the labor force, so you can produce the same amount of output,” said Petia Topalova, an International Monetary Fund economist. “It’s very much needed for most of these countries because populations are projected to decline in most of the advanced world over the next decade.”

Labor-force participation among older workers began a descent around the 1970s largely due to policies that encouraged early retirement, such as a lower retirement age and generous unemployment benefits.

Then, in the 1990s, several countries reversed course. Italy passed laws that gradually raised the early retirement age to 61 by 2011 from 52 in 1996. This appeared to help

lift labor-force participation for men aged 55 to 59, which climbed steadily to 78% in 2014 from 54% in 2001, Courtney Coile, an economics professor at Wellesley College, and her co-authors found in a study.

In 1998, Germany began reducing pension benefits for early retirees. Near the turn of the century, it also cut the maximum duration of unemployment benefits for older workers. Participation by people 55 to 64 years old soared to 73.6% in 2018 from 43.1% in 2003. Rising life expectancy also played a role. Some older workers may also have stayed on the job because of inadequate retirement savings, especially after the financial crisis depressed stock and home values.

While aging populations

are slowing growth around the world, economic expansion would be even slower without workers’ rising participation. If the same share of Germans aged 55 to 79 were in the labor force in 2018 as in 1991, Germany’s overall workforce would have contracted by 2.4%, or nearly one million people, over that period, according to an analysis by Mark Keese, an OECD employment economist. Instead, it expanded by 9.6%, or 3.8 million people. Italy’s labor force also would have contracted without growth in elderly participation.

The trend holds implications for public finances. With more people working as they approach or surpass retirement age, they continue to pay taxes and many don’t draw benefits. Germany’s

public pension system’s reserve, the amount in reserve to pay pensions, has increased to about €38 billion (\$43 billion) in 2018 from about €2 billion in 2005.

Still, rising workforce participation by itself isn’t enough to offset the drag on growth from aging populations in coming decades, particularly in fast-aging countries like Japan and Germany.

Moreover, European populist movements threaten to derail policies aimed at keeping older workers employed longer, said Axel Börsch-Supan, economist at the Munich Center for the Economics of Aging. “You see what I call pension backlashes in several European countries,” he said. For example, Italy’s antiestablishment coalition took office last summer vowing to deliver more-generous pensions. Denmark’s Social Democrats won a general election on June 5 after promising, among other things, to enable earlier retirement by rolling back some recent pension changes.

Still, Mr. Keese points to Japan, which continues to defy economic odds despite its population’s advanced age. In 2018, 77% of Japanese aged 55 to 64 were in the labor force, up from 68.2% in 2011. “If other countries follow Japan’s pathway, then there’s still scope for employment rates to rise quite considerably, even from their current high levels,” he said.

ECONOMIC CALENDAR

In the week ahead, the U.S. will see fresh manufacturing, trade and employment data.

Monday: The **Institute for Supply Management** releases June manufacturing data.

The **index of factory activity** fell to 52.1 in May, the lowest reading since October 2016. The data aligned with other reports indicating manufacturers are feeling the squeeze from trade tensions between the U.S. and China.

Economists surveyed by The Wall Street Journal forecast the June manufacturing index logged in at 51.3.

Wednesday: The **U.S. Commerce Department** releases **May international trade data**. In April, the trade deficit shrank 2.1% from March to a seasonally adjusted \$50.79 billion. Imports decreased 2.2% in April to \$257.64 billion. Exports also fell from the prior month by 2.2%, to \$206.85 billion.

Economists surveyed by The Wall Street Journal expect the trade deficit widened to \$54.5 billion in May.

Friday: The **U.S. Labor Department** releases the **June jobs report**. In May, the U.S. economy added 75,000 payrolls, marking one of the weakest monthly increases since the recession ended in mid-2009.

Economists will monitor the June jobs report for signs the economy could be headed toward a sharper-than-expected slowdown.

Forecasts don’t indicate that will be the case: Economists surveyed by The Wall Street Journal expect the economy added 160,000 jobs in June, while unemployment remained steady at 3.6%.

Trade Talks Offer Little to Make the Fed Change Its Stance

By NICK TIMIRAOIS

An agreement between President Trump and Chinese President Xi Jinping to resume trade negotiations avoids further deterioration in the economic outlook for now, but it does little to clear the fog of uncertainty weighing on global trade and investment that has prompted Federal Reserve officials to consider cutting interest rates.

Almost half of Fed officials in June projected rates would be lower by year’s end. But policy makers didn’t cut them at their June meeting, in part to see if trade uncertainties might abate if the Trump-Xi talks produced any breakthroughs.

Now that the leaders’ discussions have come and gone without resolution, Fed officials face thorny questions as they judge whether to provide new stimulus to support growth.

Central bank officials must weigh how much trade uncertainty has already weighed on spending and investment decisions, and how continued uncertainty could affect this picture.

They are likely to consider whether and how much to cut rates by studying coming economic data, including a survey of U.S. factory activity due Monday and the June jobs report to be released on Friday.

Fed Chairman Jerome Powell and his colleagues said in early May they were relatively optimistic about the economy and content with their policy stance of holding rates steady.

After that, Mr. Trump announced an increase in tariffs on Chinese imports amid a setback to trade negotiations. He also first threatened and later suspended the threat of new tariffs on Mexico, underscoring how unpredictable the administration’s trade policies could remain. The president also is weighing possible tariffs on cars from Europe and Japan.

The episodes rattled business confidence and led bond investors to predict Fed rate cuts beginning at its July 30-July 31 meeting. The Mexico tariff threat also illustrated the difficulty business leaders and Fed officials face in forecasting economic outcomes, given Mr. Trump’s mercurial trade policies.

“Quite a lot has changed,” Mr. Powell said last week in explaining the Fed’s recent shift toward weighing rate cuts. “The global risk picture has changed, really just in the last six to eight weeks. And it’s around trade developments and concerns about global growth.”

Saturday’s meeting between



Fed Chairman Powell leaving the Capitol last week. He said the global risk picture has recently changed.

Mr. Trump and Mr. Xi didn’t provide any concrete timetable for resolving the trade conflict, suggesting no increased likelihood of a trade deal being reached. Analysts said the cease fire could make a deal less

likely because it reveals both sides see little urgency to make new concessions and are comfortable with the status quo. The U.S. has already placed 25% tariffs on some \$200 billion in Chinese exports.

In recent interviews, several Fed leaders have said their business contacts now expect no immediate resolution to trade tensions between the U.S. and China, which have cast a pall over the global economy

U.S. WATCH

TEXAS

Small Airplane Crashes, Killing 10

Ten people were killed when a small airplane crashed into a hangar as it was taking off from a Dallas-area airport Sunday morning, a spokeswoman for the town of Addison, Texas, said.

Mary Rosenbleeth said no one aboard the twin-engine plane survived the crash at the Addison Municipal Airport.

The Beechcraft BE-350 King Air hit an unoccupied hangar, according to the Federal Aviation Administration. The agency said that the blaze destroyed the plane. Video showed smoke billowing from the building and a gaping hole in the hangar.

The plane was headed for St. Petersburg, Fla., said Edward Martelle, a spokesman for the town of Addison. Mr. Martelle said the plane was taking off at the south end of the airport and had just lifted off the runway when it veered left, dropped its left wing and went into the hangar.

—Associated Press

LOUISIANA

Seven Injured After Shots Fired at Club

Police were investigating a shooting at a Baton Rouge nightclub that left seven people injured, as officials in Louisiana’s capital city pledged to do more to fight gun violence after several high-profile shootings.

Local news outlets reported gunfire strafed the inside and parking lot of the Stadium Ultralounge & Bar early Saturday, apparently after a fight in which video footage showed one man breaking a bottle over another man’s head.

At least two people were seriously wounded at the Stadium Ultralounge & Bar, although not all injuries may stem from gunshots, authorities said. No arrests have been made.

Baton Rouge Mayor-President Sharon Weston Broome said city-parish officials would meet this week “to discuss more ways that we can work to put an end to gun violence.”

—Associated Press



OMINOUS CLOUD: An image from a social media video taken on Saturday shows a tornado moving over open land in Allen, S.D.

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CORRECTIONS & AMPLIFICATIONS

The surname of David Peter, owner of the Galley Seafood Grill & Bar in Morro Bay, Calif., was misspelled as Peters in a U.S. News article Saturday on salmon fishing.

TikTok and a separate app called Douyin contributed more than \$1 billion to ByteDance Inc.’s 2018 revenue. An Exchange article on Saturday about the video-sharing platform incorrectly said that amount was only from TikTok.

A Page One photo in some editions on Saturday of world leaders at the G-20 summit in Osaka, Japan, incorrectly identified the attendees in the middle row of the photograph. The names of the attendees in the middle row were given from left to right; the caption incorrectly said they were from right to left.

Readers can alert The Wall Street Journal to any errors in news articles by emailing wsjcontact@wsj.com or by calling 888-410-2667.